

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
	)	Case No. 01-01139 (JKF)
W.R. GRACE & CO., <u>et al.</u> ,	)	(Jointly Administered)
	)	
Debtors.	)	

**PRELIMINARY OBJECTION OF ZURICH INSURANCE COMPANY, ZURICH  
INTERNATIONAL (BERMUDA) LTD., AND MARYLAND CASUALTY COMPANY  
TO THE FIRST AMENDED JOINT PLAN OF REORGANIZATION UNDER  
CHAPTER 11 OF THE BANKRUPTCY CODE OF W.R. GRACE & CO., ET AL., THE  
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS, THE  
ASBESTOS FUTURE CLAIMANTS' REPRESENTATIVE, AND THE OFFICIAL  
COMMITTEE OF EQUITY SECURITY HOLDERS**

In accordance with paragraph 4 of the *Initial Case Management Order Related to the First Amended Joint Plan of Reorganization* [D.I. 20204] ("Initial CMO") dated December 5, 2008, Zurich Insurance Company, Zurich International (Bermuda) Ltd. (jointly, "Zurich"), and Maryland Casualty Company ("MCC"), by and through their undersigned counsel, hereby submit that one or both of MCC and Zurich anticipate that they may raise one or more of the following objections ("Preliminary Objections") to confirmation of the *First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of W.R. Grace & Co., et al., the Official Committee of Asbestos Personal Injury Claimants, the Asbestos Future Claimants' Representative, and the Official Committee of Equity Security Holders* ("Joint Plan"):

1. The Joint Plan is not "insurance neutral" as to non-settling insurance companies because, *inter alia*, it impairs contractual rights, provides for overpayment of meritorious claims, and provides for payment of non-meritorious claims.
2. Claims asserted by MCC against the Debtors may include claims that should be separately classified from Class 6 Claims and should be given treatment

at least as favorable as Class 9 Claims.

3. The Joint Plan does not provide for the fair (if any) treatment of indemnity claims that may arise and/or be liquidated after the Effective Date of the Joint Plan.

4. Under the Joint Plan, the Asbestos PI Channeling Injunction fully enjoins all third parties, including the Libby Claimants, Scotts and BNSF, from prosecuting, etc., any Asbestos PI Claim against MCC in any capacity. However, to the extent that this protection is reduced or otherwise altered by this Court, the Joint Plan's treatment of claims filed by MCC is inadequate.

In accordance with the Initial CMO, these Preliminary Objections are submitted without prejudice to (i) the assertion of these Preliminary Objections and/or any new objections in a final plan objection ("Final Objection"), and (ii) the omission of one or more of the Preliminary Objections in the Final Objection.

Dated: January 5, 2009  
Wilmington, Delaware

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